

General Purpose Committee Audits

Bill Proposal:

Amend Government Code section 90001(h) to simplify the audit selection method for general purpose committees.

Problem:

Currently, the selection process is cumbersome and very time consuming. Section 90001 requires significant Commission staff resources by requiring the following method:

1. Monetary threshold. Commission staff identifies from a list obtained from the Secretary of State's Office those committees that raised or expended more than \$10,000 to support or oppose state candidates or measures by reviewing manually or on-line, if available, campaign statements and reports for approximately 2000 general purpose committees;
2. Substantial compliance test. From the list of the committees that meet the monetary threshold, Commission staff then identifies those committees that have been audited before and were determined to be in substantial compliance (if not in substantial compliance, the audit is mandatory); and
3. 25% random draw. For those committees that have been audited before and determined to be in substantial compliance, the Commission staff holds a public draw where 25% of these committees are selected for audit.

This process is further complicated by the fact that the Political Reform Division of the Secretary of State's Office does not automate any contribution and expenditure totals for committees not required to file electronically (those who have collected or spent less than \$50,000 since January 1 of 2000). This means that Commission staff must pore over thousands of paper statements to determine which committees are above the statutory audit threshold, looking first at expenditure totals, then, if the threshold is not reached there, contribution thresholds, and applying a formula to determine state-level activity where appropriate.

How this bill would address the problem:

This proposal would reduce staff time spent in the selection process by repealing the monetary threshold for state general purpose committees that are not major donors. This would result in an increase in the total number of general purpose committees selected for audit.

This proposal would save approximately 400 hours of staff time every two years (the audit cycle), equating to approximately 20% of an Accounting Specialists time in the selection year.

Bill Language:

(h) Each *state general purpose* committee, other than a committee defined in subdivision (c) of Section 82013, ~~a controlled committee or a committee primarily supporting or opposing a state candidate or measure, if it is determined that the committee has raised or expended more than ten thousand dollars (\$10,000) supporting or opposing state candidates or state measures during any calendar year,~~ except that if the commission determines from an audit report that a committee is in substantial compliance with the provisions of the act, the committee thereafter shall be subject to an audit on a random basis with each such committee having a 25-percent chance of being audited.